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TAGS: [PREL](#) [ECON](#) [PGOV](#) [IR](#) [RU](#) [AJ](#)
SUBJECT: HAIDAR ALIYEV'S FOREIGN AFFAIRS ADVISOR ON IRAN
AND RELATED STRATEGIC PICTURE

Classified By: POLECON COUNSELOR ROBERT GARVERICK, FOR REASONS 1.4 (B)
and (D)

Summary

1. (S) During a wide-ranging tour d'horizon with Embassy Iran watcher, former President Haidar Aliyev's chief foreign relations advisor, and regionally prominent international affairs commentator, Vafa Guluzadeh provided recommendations for USG Iran strategy and discussed Iran's economic "Achilles heel," evolving Iranian regional strategy, Iran-Russia-Azerbaijan interconnects, alleged Iranian bribery of senior GOAJ officials, lack of GOAJ support for the proposed North-South railroad, and other Iran-related issues. He also touched on alleged Russian overreach in attempting to reassert control in the Caucasus, and asserted that a sustained fall in the price of oil below fifty dollars a barrel will create an economic and political crisis in Russia. End Summary.

2. (S) Iran watcher met with distinguished Azerbaijani political scientist and international relations commentator Vafa Guluzadeh to discuss his impressions of developments in Iran, relations between Iran and Russia and Iran and Azerbaijan, and comments on current USG tactics in approaching the Iranian people and regime. Guluzadeh is an outspoken critic of the Iranian government (and even more so of Russia), which has not prevented periodic appearances by him as an international relations commentator on Iranian radio and television programs.

Background

3. (S) Guluzadeh was the late Azerbaijan President Haidar Aliyev's closest foreign affairs advisor for many years, and was Head of the International Department in the Office of the Presidency from 1991-1999. From 1970-1990 he was an intermittent member of the Soviet diplomatic service, serving mainly in the Middle East and rising to the position of Minister-Counselor at the Soviet Embassy in Algiers. While he resigned his official position in 1999 because of disagreements with Aliyev over Nagorno-Karabakh policy, the two remained on friendly terms, and Guluzadeh remains a respected figure often featured as a guest commentator on Azerbaijani, Georgian, Iranian, and other regional television and radio programs.

4. (S) Although his last visit to Iran was in 2000,

Guluzadeh noted that he is often contacted by Iranian officials who "keep asking me to go there" to participate in seminars and consultations. According to Guluzadeh, he has so far rejected these invitations due to political sensitivities, and his deep suspicion of and distaste for the Iranian regime.

View of Rafsanjani

15. (C) Guluzadeh noted that he visited Iran on several occasions in the 1990's and in 2000, meeting senior officials and political figures, including Ayatollah Khomeini. Guluzadeh said that he developed a particularly cordial relationship with former Iranian President Akbar Rafsanjani, whom he characterized as "very intelligent, flexible, and pragmatic." Guluzadeh said that Rafsanjani controls a large segment of the Iranian pistachio industry, has placed his relatives in lucrative business sectors, and "enjoys business and living well."

"Establish Relations with Teheran!"

16. (S) Emphasizing that he was speaking "as a diplomatic strategist," in strong sympathy with the goals of the United States, Guluzadeh repeatedly urged that the U.S. establish diplomatic relations with Iran as soon as possible, and without preconditions, "just as you did with the Soviet Union." He argued that this would be very popular with the Iranian people and disconcerting for hard core elements in

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the Iranian regime, which would be put on the defensive. If need be, "let the rejection (of this process) be seen as coming from them." Observing that even at the height of the Cold War the USG, "for good reasons," had diplomatic relations with the Soviet Union, he argued that not having such relations with Iran at this stage is "counterproductive to your strategic interests."

17. (S) Guluzadeh predicted that an adept U.S. strategy involving "smile diplomacy" would have a powerful impact on most Iranians, and promote movement toward liberalization and eventual regime change. In contrast, he argued that strategies based primarily on ignoring the regime and "going over its head" to the Iranian people are out of date, inefficient, and ineffective: "better to be there and deal with your issues (with Iranian government and society) on the spot, just as did in the Soviet Union," he said. He predicted that "if you proceed on several tracks, you will outmaneuver them, just as you did the Soviet Union."

Iran's Achilles Heel: Economic Failure

18. (S) In this context, he argued that economic and quality of life issues more than politics are "the Achilles heel of the regime." Many Iranians are going to Qatar and Dubai "and see what they are missing." He stressed that, in his opinion, comprehending this reality is at least as important for understanding the vulnerabilities of Iran as noting the existence of corruption and political repression there. While acknowledging that the regime is politically very unpopular with most Iranians, Guluzadeh warned that this by itself will not lead to regime change. While its economy is inefficient, its authoritarian skills are not. If and when the regime falls, he added, it will primarily be due to its economic, not its political, failings.

19. (S) Returning to the Soviet analogy, he argued that in the 1970's and 1980's most Soviet citizens criticized the system, but at the same time had become used to it, and would have voted for its continuation. "We had empty shops, but full refrigerators: when that (informal) system collapsed, so did the Soviet Union." He opined that a similar situation now exists in Iran - people have worked out their own cynical

modus Vivendi for getting by and are afraid of change:
"people who have been through bloody turmoil are afraid of change, and comfortable with what they are used to," he observed.

¶10. (S) In conclusion, Guluzadeh urged that the USG draw on its experience in (allegedly) defanging and undermining the Soviet Union by adopting flexible dtente strategies, which he claimed were a key element in "the beginning of the end" of the Soviet Union. He added that, while continuing to publicize its support for civil society and human rights, the USG should work harder to reinforce the message that the America is a religious country, where Islam is freely practiced and respected.

Iran, Russia, and Azerbaijan

¶11. (S) Guluzadeh said that in the 1990,s Iran had great ambitions for expanding its influence and possibly gaining control in this region, and had a very aggressive outreach program targeting Azeri,s, including arranging large scale visits by Azerbaijanis to Iran, subsidizing a pro-Iran political party, and "setting up Islamic cells." He said that the wily Haidar Aliyev recognized this threat and made smashing their networks his next priority after dealing with his internal enemies. According to Guluzadeh, Aliyev's twin success in rolling up their networks and opening the region to the West led to a shift in regional Iranian policy toward a less ambitious, longer term "waiting game."

¶12. (S) Although Iran dislikes Russia, he said that Iran sees Russia as a potentially useful partner at the present time for economic and security reasons. He opined that Iran prefers Russian to Western regional predominance, and for the short term would be satisfied with resurgence of Russian influence in the Caucasus, if this comes at the expense of the USA. He explained that, compared to the US/Europe, the

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Iranians see Russian regional objectives as limited to energy and security, and less threatening to them politically and culturally. He added that Iranians do not think that Russian regional predominance is sustainable over the long term, and believe that Iran will be the long-term winner if U.S. influence is curtailed.

No Baku Interest in North-South Railroad Project

¶13. (S) Guluzadeh stated flatly that, despite participating in periodic regional meetings and providing occasional supportive lip service, the government of Azerbaijan has no interest in Russian/Iranian proposals for constructing a major jointly-owned "North-South" railroad linking the three countries (Note: trilateral talks on this several hundred million dollar notional project have occurred periodically since the early 1990,s) the most recent round was in Baku on October 8. End Note). He claimed that, under present circumstances, any departure by the GOAJ from this position would be a sign that "we are losing our independence."

¶14. (S) Guluzadeh explained that sound economic, political, and security reasons underpin his opinion. For example, he contended that this project would end Azerbaijan's current transportation monopoly governing land ties between the two countries, while providing little offsetting commercial or economic benefits. In addition, since "unfortunately, everything and everybody is for sale in this country," he claimed that the notional railroad "would be out of our control," and would contribute to greater Iranian/Russian economic and political penetration, infiltration, and manipulation in Azerbaijan.

¶15. (S) Recalling that several arms and WMD-related materials seized by GOAJ authorities in the late 1990's were

traced to the two countries, he opined that such a link would facilitate "inevitable" use by Russian and Iranian criminal and intelligence elements to illegally transport dangerous and destabilizing products, including narcotics, arms, and WMD components and related equipment.

GOAJ Officials on Iranian Payroll?

¶16. (S) Continuing on the Azerbaijani corruption theme, Guluzadeh alleged that several senior GOAJ officials, including "pro-Iranian" Prime Minister Artur Rasi-Zadeh, Deputy Prime Minister Abid Sharifov, and Deputy Foreign Minister Khalaf Khalafov receive large Iranian kickbacks. "The Iranians have even tried to buy me!" he exclaimed. He was adamant that Azerbaijan's current Ambassador to Iran, Abbasali Hasanov, is on the Iranian payroll, and reminisced that the Nakhchivan-origin Hasanov worked in the 1990,s as a translator at the Iranian Embassy in Baku. (Note: DPM Sharifov oversees public construction projects, and is thought by many to be notoriously corrupt; he is also alleged by some to be on the payroll of drug traffickers. DFM Khalafov is in charge of Caspian Sea issues and has the Iran portfolio at the Foreign Ministry.

Iranian Business Activity in Azerbaijan

¶17. (S) Guluzadeh observed that Iranian companies and traders are playing a significant behind the scenes role in the current Baku construction boom. He explained that while the construction firms may be Azerbaijani-owned, many of the construction and outfitting materials (including furniture, marble, building materials, basic kitchen wares, and other inputs) are being imported from Iran via Iranian entrepreneurs and trading companies. He repeated (though without any evidence) the oft-heard claim that middle class Iranians are buying many of the newly built apartments.

Too Late for Russia?

¶18. (S) Guluzadeh said that he has begun to conclude that the Russian invasion of Georgia will be seen in future as a major overextension and strategic mistake. He observed with

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some glee that the current world economic downturn, and especially declining oil prices, has serious political implications for Russian Prime Minister Putin and his military industrial complex supporters and their (alleged) expansionist ambitions. He contended that a sustained drop in the world oil price below \$50 a barrel will devastate Russia's economy and spark a major domestic political crisis that could even lead to Putin's fall. At the minimum, Guluzadeh argued, a sustained oil price decline means that "there will be no more money to fund Russian arms programs and (Georgia-like) military adventures." He added ironically that the emerging world economic crisis "may do what you are unable to do: stop Russian aggression."

¶19. (S) Guluzadeh claimed that signs of a backlash against Putin and his policies within part of the political and business elite are already visible to experienced Soviet tea-leaf readers such as himself. For example, Guluzadeh said there are signs in the Russian media of an increasing split between associates of Russian President Medvedev (in which faction he included senior ex-Yeltsin advisors and the business sector) and the Putin clique. As an example, he cited recent "unexpected" blunt criticism of Putin by previously blackballed commentators on a popular Russian TV discussion program, and a subsequent unexplained cancellation of the broadcast of another such show, and its substitution by an old movie, which he interpreted Soviet-style as evidence of an effort to paper over an emerging "factional split."

Note

¶20. (C) Guluzadeh speaks fluent Arabic, and expressed willingness to participate in any VOA or Arabic-language radio or tv (e.g. al-Iraqiya or "even al-Jazeera") forums on regional or international issues.

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